



County of Los Angeles CHIEF EXECUTIVE OFFICE

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September 30, 2014

To: Supervisor Don Knabe, Chairman
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From: William T Fujioka
Chief Executive Officer

CHIEF EXECUTIVE OFFICE'S RECOMMENDATION TO SET ASIDE \$20,000,000 IN PROVISIONAL FINANCING USES FOR JAIL DIVERSION (ITEM NO. 9, AGENDA OF JULY 29, 2014)

On June 29, 2014, the Board requested the Chief Executive Office (CEO) to identify and set aside \$20 million in the Fiscal Year 2014-15 Supplemental Budget Adjustment, pending receipt of additional information for the implementation of a coordinated and comprehensive diversion program that especially includes funding for effective services for individuals with mental illness who are arrested or currently in the County jail system about to be released. The Board further directed the CEO to place the funding into the Provisional Financing Uses (PFU) budget unit to be identified from a combination of the Mental Health Services Act (MHSA), the Investment in Mental Health Wellness Act of 2014 (Senate Bill 82), Realignment funds, Sheriff's Inmate Welfare Funds (IWF), Medi-Cal, and the Homeless Prevention Initiative, and report back to the Board if there are insufficient funds for diversion programs.

Pursuant to direction at the May 6, 2014 Board meeting, the District Attorney is leading an effort to develop a Comprehensive Mental Health Diversion Plan (Diversion Plan) to divert mentally ill inmates from incarceration. In addition, at the July 29, 2014 Board meeting, the Board instructed the CEO and various departments to report on a number of matters directly related to the Diversion Plan. These reports are scheduled to be provided to the Board in the coming months.

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The Diversion Plan is expected to include various programs to reduce the necessity of incarcerating some mentally ill individuals. The programs may include the expansion of current court diversion programs, additional crisis residential housing, law enforcement co-response teams, jail in-reach efforts, veteran-specific diversion programming, and the expansion of urgent care services crucial to diversion efforts. However, at this time the Diversion Plan and its details are not complete, and once it is, the plan will likely need a period of time for phase-in of the diversion programs and further development of the plan details.

Identifying and quantifying revenue to reimburse potentially eligible costs of the diversion programs largely depends upon the details of those programs. As these details have not been completed yet, it is premature to identify or estimate specific revenue amounts with much certainty at this time. However, it is possible to comment generally about the availability of various revenue sources.

- **MHSA** – Some planned program costs will likely be eligible for MHSA reimbursement, while others would not be eligible. For example, the cost of community services prior to incarceration, pre-release care planning, or post-release care could be eligible for MHSA. However, the costs of care for persons in custody, and diversion-related costs of law enforcement, court, or probation personnel would not be eligible for MHSA. Department of Mental Health (DMH) has previewed a sampling of the draft diversion programs being developed and has cross-walked those draft diversion programs to DMH activities included in the MHSA and SB 82 implementation plans. At this time, DMH has preliminarily identified approximately \$5 million in draft diversion programs that will be implemented over the next year funded by MHSA and SB 82 and leveraging Medi-Cal revenue. It is important to note that this is an incomplete picture, because the draft programs likely do not represent the entirety of the DA-led Diversion Plan, nor have all the details been developed. Accordingly, it is possible that additional activities could be offset by various revenue sources. Finally, it is important to understand that adding eligible diversion efforts that are not currently reflected in approved MHSA plans will require MHSA stakeholder input and approval, and would require de-funding other programs in the approved MHSA plans.
- **Senate Bill (SB) 82 Mental Health Wellness Act** – SB 82 funding has been allocated to the County for urgent care, triage navigators, and crisis residential beds. Some portion of SB 82 funded programs can contribute to the diversion plan.

- **2011 Realignment Funding** – Realignment funding is normally relied upon by the DMH to fund costs that cannot be funded by other revenue sources, such as care to indigent persons and certain cost-of-living increases. To the extent growth in Realignment exceeds such otherwise unreimbursed costs, it is possible that some portion of the jail diversion programs could be funded by Realignment.
- **Medi-Cal** – To the extent that jail diversion participants are eligible for Medi-Cal and receive Medi-Cal eligible services, some portion of the programming cost may be offset by Medi-Cal or Medi-Cal Expansion revenue.
- **Sheriff's IWF** – Penal Code 4025 specifically states that IWF are for the benefit of inmates confined within the jail. If the diversion program would be for serving time outside of the jail facility, then the IWF would not be an appropriate source to fund the program.
- **HPI** – HPI funding is already allocated for multiple Board approved initiatives, and accordingly is not directly available for this program. However, it should be noted that there are HPI funded programs, such as the Single Adult Model (SAM), that could be expanded for the population targeted for diversion efforts if additional funding is identified.

Although the specific types and amounts of revenue that can be set aside for jail diversion plans cannot be quantified at this time, we recognize the importance of this project to the Board. Accordingly, we have temporarily funded the \$20 million set aside in the PFU from net County cost until the revenue offsets for diversion programming can be quantified. When complete, any portion of the PFU that can be offset by revenue or other outside funding sources will be returned to the general fund.

If you have questions or require additional information, please contact me or your staff may contact Gregory Polk at (213) 974-1160 or via e-mail to gpolk@ceo.lacounty.gov.

WTF:GP:MM:hd

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